

TAB 13



Structured Credit Europe/US New Issue Report

Analysts

Patrick Clerkin
+44 20 7417 4279
patrick.clerkin
@derivativefitch.com

Alan Dunetz
+1 212 908 0733
alan.dunetz
@derivativefitch.com

Glenn Moore
+44 20 7862 4167
glenn.moore
@derivativefitch.com

Performance Analytics

Emmy Bronsema
+44 20 7417 3559
emmy.bronsema
@fitchratings.com

Katerina Vladimirova
+44 20 7862 4164
katerina.vladimirova
@derivativefitch.com

Rhinebridge Plc

Final Ratings

Class	Programme Size (USDbn)	Priority	Rating
US CP	20 ^a	Senior	F1+
US MTN	20 ^a	Senior	AAA
Euro CP	20 ^a	Senior	F1+
Euro MTN	20 ^a	Senior	AAA
Senior Capital Notes	3 ^b	Subordinate	AAA
Mezzanine Capital Notes	3 ^b	Subordinate	A
Junior Capital Notes	3 ^b	Subordinate	NR
Combo Note	3 ^b	Subordinate	BBB

a Subject to a USD20bn limit

b Subject to a USD3bn limit

Source: Rhinebridge documentation

Key Parties

Manager	IKB CAM, London branch
Sponsor	IKB Deutsche Industriebank AG
Administrator	QSR Management Limited
Liquidity Providers	'F1+' or 'F1' rated institutions
Security Trustee and Principal Paying Agent	The Bank of New York, London branch

Source: Rhinebridge documentation

Key Features

- Innovative three tier capital structure (including 'AAA' senior capital notes) designed to reduce probability of enforcement.
- Rhinebridge has launched with approximately 83% 'AAA', 13% 'AA' and 4% 'A' of which 17% of the portfolio was invested in seasoned bonds. IKB AG is a significant sponsor of Rhinebridge Plc, with a strong co-investment commitment in the capital notes.
- Although a new structured investment vehicle (SIV) manager, the team has a very strong track record in managing the asset classes targeted for the portfolio, which launched with a high home equity loan (HEL) exposure.
- Launch size USD2.4bn.
- Interest rate risk on HELs requires more management than other ABS products.
- Comprehensive analytical tools and resources in place to manage the risks in the portfolio and investment decisions are based on a range of macroeconomic, transaction-specific criteria and portfolio analysis.
- IKB AG has successfully advised an ABCP conduit for five years.

www.derivativefitch.com



Summary

Rhinebridge Plc, an SIV incorporated in Ireland, and Rhinebridge LLC., its wholly owned subsidiary incorporated in Delaware (together Rhinebridge, or the issuer), are to be sponsored by IKB AG and managed by the London branch of IKB Credit Asset Management GmbH (IKB CAM). IKB CAM was established in September 2006 as the credit asset management arm of IKB AG. IKB CAM is a wholly owned subsidiary of IKB AG and also benefits from Patronatserklärung as well as a profit and loss sharing agreement. IKB CAM advises on Rhineland, a USD16bn asset-backed commercial paper (ABCP) programme, and over USD7bn for IKB AG's balance sheet.

Fitch's ratings are based on the financial strength of the structure, the standards imposed by the operating guidelines, the strength of the management team and the infrastructure in place to support the programme. The ratings of the senior notes address the payment of interest and principal, and part of the rating analysis focuses on the certainty of senior note repayment should Rhinebridge enter a restricted funding or enforcement state. In the restricted funding state, the vehicle is no longer allowed to issue senior notes and may be forced to liquidate assets to pay maturing senior notes. The rating on the capital notes, which addresses the ultimate payment of interest and principal (on or before legal final maturity), reflects the probability of the structure entering a restricted funding state (please see *States of Operation* section below). The capital rating analysis therefore factors the structure's ability to avoid both enforcement and substantial realised losses arising from credit impairment in the investment portfolio.

Structure

The issuer will acquire assets purchased subject to the operating limits that are highlighted in the structural section of this presale. The investments are managed according to a set of portfolio guidelines and the weighted-average rating at launch was 'AA'. Rhinebridge will initially finance these assets using US commercial paper (CP). However, over time it will access the Euro and US medium-term notes (MTN) and Euro and US CP markets (collectively, the senior notes), together with the capital note programmes.

The capital notes use a three tier structure: senior, mezzanine and junior capital notes and a combination note. Fitch has assigned final ratings to the senior notes and the senior and mezzanine capital notes to be issued by Rhinebridge as indicated in the ratings table on page 1. The junior capital notes are unrated.

The combination capital notes will contain senior capital note, mezzanine capital note and junior capital note components in a defined proportion. These combination notes are rated 'BBB' at closing.

Management

Fitch's analysis of Rhinebridge's notes recognises the fundamental importance of the manager. The Rhinebridge team is responsible for actively managing a broad range of business areas, including portfolio management, credit analysis, cash flow and funding, liquidity management, interest rate and FX management. Recognition of the breadth of the management role, and the ability of the management team to fundamentally influence the risk profile of the business, is what distinguishes the analysis of Rhinebridge from that of other structured finance transactions.



Management Biographies

Winfried Reinke, CEO, IKB Credit Asset Management GmbH

Mr. Reinke established IKB CAM in September 2006. He has 29 years' experience in the banking and capital markets. From 1996, he was head of treasury and financial markets at IKB Deutsche Industriebank AG, sharing responsibility with Michael Braun for the group funding, liquidity management, asset and liability management, product development, proprietary trading and fixed income management. He developed IKB AG's securitisation programmes (Provide, Bacchus and Equinotes), was responsible for the growth of the bank's investment business in structured credit product and established Rhineland Funding, the ABCP conduit. Mr. Reinke was managing director of IKB AG's Luxembourg subsidiary as well as head of its Luxembourg branch from 1991 to 1996, having previously spent seven years in a senior position in the export finance department of IKB AG in Düsseldorf. Prior to joining IKB AG in 1984, Mr. Reinke worked in the export finance division of DG Bank, Frankfurt and as a credit analyst with Citibank, Frankfurt. Mr. Reinke studied economics at the University of Saarbrücken, where he obtained his degree in 1978.

Dr. Frank Lehrbass, CIO, IKB Credit Asset Management GmbH

Dr. Frank Lehrbass joined IKB Credit Asset Management GmbH in January 2007. He previously worked with DG Hypothekenbank AG, Hamburg where he headed the portfolio management and structured credit group. Prior to that appointment, he was head of credit risk modelling, where his responsibilities included the bank-wide implementation of Credit Risk+ and the RAROC approach. He was also responsible as managing director for the foundation of the NPL servicer IMMOFORI and for the full risk transfer of exposures via the Bauhaus and Provide transactions. Dr. Lehrbass had previously headed the analytics and systems group within the credit management division of WestLB. He started his professional career at WestLB as trader in the index derivatives group. Dr. Lehrbass was educated at the University of Bonn, Johns-Hopkins University, Baltimore, and Mannheim, where he was awarded an M.A. degree in economics. He also holds a PhD in economics from the University of Dortmund. Dr. Lehrbass is the author of several publications in the fields of credit risk measurement (among others, "*Credit Risk+ in the Banking Industry*"), Structured product pricing, non-performing loans and real estate investment banking and has been a speaker at various European ABS and credit portfolio management conferences.

Michael Braun, Managing Director, Head of Treasury and Financial Markets, IKB AG and Member of Advisory Board, IKB Credit Asset Management GmbH

Michael Braun has been head of the treasury and financial markets division of IKB Deutsche Industriebank AG, Düsseldorf since April 1991, sharing responsibility with Mr. Reinke for group funding, liquidity management, asset and liability management, product development, proprietary trading and fixed income management. He, along with Winfried Reinke, was one of the founders and promoters of IKB AG's securitisation programmes. His current responsibilities comprise investments in structured credit portfolios (ABS and CDOs) as well as the bank's balance-sheet securitisation transactions (corporate loans, leveraged loans, CMBS, sub debt and infrastructure finance). He is also a member of the advisory board of IKB Credit Asset Management GmbH. In this respect, he has taken up prime functions specifically with respect to the company's advisory position for Rhineland Funding. From 1986 to 1991, he was managing director of IKB AG's Luxembourg subsidiary as well as head of its Luxembourg branch, where his prime responsibilities were the corporate lending business, treasury and capital markets activities. Mr. Braun started his professional career at IKB AG in 1979, working as a legal counsel with responsibilities in the areas of international finance, workout and real estate leasing. Mr. Braun holds a full legal degree from Albertus Magnus University, Cologne, and the Ministry of Justice of North-Rhine Westfalia.



Neil Ryan, Director, Head of IKB Credit Asset Management, London branch

Neil has over 17 years' experience in credit markets and is responsible for managing the portfolio, setting strategic and tactical goals and managing the branch operations from London. He originally joined Manufacturers Hanover in 1989 and completed the New York-based management training programme, returned to London with Abbey National Treasury Services (1992 to 1994) and Lehman Brothers (1994 to 1996). Mr. Ryan then worked at BNP Paribas and BW Bank Ireland plc (now LBBW) before becoming managing director at Naspa Dublin in 2001. There he was responsible for managing the Irish regulated bank that ran a full trading book portfolio across ABS (RMBS, CMBS, CDO, NPL and whole business ABS), bank FRNs and corporates as well as a loan and asset swap book. He returned to London and established IKB CAM, London branch in 2006. Mr. Ryan graduated in law (LL.B., Trinity College Dublin 1988 and LL.M., London School of Economics 1989) before completing an MBA at London Business School (1996). As well as being a part-time lecturer at UCD, he was a founder member of the Irish Securitisation Forum in 2005.

Uta Kubis, Director, Senior Portfolio Manager

Uta Kubis is responsible for the CDO investments in the portfolio. She is also the head of the cash CDO investment team at IKB CAM and had previously been an investment officer at IKB CAM in Düsseldorf before joining the London branch in March 2007. From 2001 to 2004, she was a CDO analyst as well as an analyst for trade receivables transactions in the risk management department of IKB AG. Before joining IKB AG, she had worked at Commerzbank AG, Frankfurt as a credit analyst within the domestic corporate lending business, focusing on large and mittelstand lending as well as workout loans. She was also heavily involved in the development of a rating system for Basel II. Ms. Kubis studied at the Bankakademie in Dortmund, where she obtained her degree as a bank officer in 2005.

Dr. Klaus Dieter Bauknecht, Director, Head of Credit Research

Klaus Bauknecht joined IKB AG in early 2004 to head up the research effort. Prior to joining IKB AG, he was a director in the National Treasury of South Africa, responsible for econometric model building for tax policy simulations. He was also responsible for further developing the macro-econometric model and for providing economic forecasts for the National Treasury's three-year budget process and inflation outlook. Mr. Bauknecht also worked for ING Barings in Johannesburg/London where he was responsible for economic, fixed income and top-down equity research. While working as a financial analyst, he ranked among the top four analysts for economic and innovative research in the annual financial mail survey of institutional equity and fixed income investors. Mr. Bauknecht holds a Master in Commerce cum laude and PhD in Economics/Econometrics from the University of Stellenbosch, South Africa and has been a guest lecturer at several South African universities.



Fitch Analysis

Monte Carlo Modelling

The main risks to the Rhinebridge portfolio arise from any sudden defaults, sharp spread widening and liquidity stresses that could make it difficult to roll over the short-term liabilities. As part of the analytic process, Fitch uses the agency's SIV model to analyse Rhinebridge's exposure to credit risk and market risk. Its analysis focuses on the potential change in the portfolio's value and capital requirements caused by defaults, rating transitions and general market spread widening.

The change in asset value is determined using both a stressed, scenario-based approach and a simulation approach. The first determines the maximum fall in asset value resulting from an immediate spread widening and the portfolios sensitivity to different asset classes. The second simulates the distribution of asset values at the end of an exposure period, resulting from a combination of spread widening and rating transition.

The Fitch SIV model is a multi-time-step Monte Carlo simulation model based on the VECTOR engine. It calculates the effect of rating transitions and movements in credit spreads on the market value of the portfolio in each period.

At the end of each time step, the portfolio cash flows are calculated. Asset mark-to-market gains and losses are calculated for each time step and combined with the cumulative default losses to calculate the net asset value (NAV) of the capital, which is the market value of assets less senior liabilities plus reserves.

If, at any time during the simulation, the NAV of capital falls below a specified amount (e.g. 50% of total capital notes for Rhinebridge), the SIV is assumed to enter enforcement. During the enforcement process, the model will stop capital and performance payments and sell assets to meet the senior liabilities as they fall due.

The SIV model is used to calculate the subordination levels for each note at its target rating. The ratings are driven by:

1. credit default risk;
2. market risk; and
3. size of total capital – if 50% of the total capital value has been eroded, through a combination of credit default events and market value losses, then this causes an enforcement event.

The model is used to analyse the entire capital structure. Three different scenarios are typically examined:

1. going concern - assume that the vehicle continues as normal unless a breach of a test occurs;
2. day one orderly unwind - assume that a restricted funding or enforcement event occurs immediately; and
3. accelerated unwind - assume that the vehicle is insolvent today.

The different analytical approaches are used to create a rating band for Rhinebridge's capital note. Once the rating band has been established, the qualitative assessment of the manager will help dictate the final rating.



Analytical Summary

The results of Fitch's analysis produced some interesting conclusions (see *Appendix* for an illustration):

1. As total capital is increased, the 50% trigger point increases, and hence, the trigger point is less likely to be breached. Although the higher trigger point will be breached less frequently, the severity of loss upon breach will be greater.

Impact of a Change in Capital Size

Total Capital	Probability of Loss	Severity of Loss
Increase	Lower	Higher
Decrease	Higher	Lower

Source: Fitch

2. If enforcement occurs, the capital notes will suffer a loss.
3. Changing the capital note tranching does not affect the level of credit defaults within the portfolio.

Therefore, the subordination levels for the senior capital notes and the mezzanine capital notes are driven by the size of total capital, the credit risk of the portfolio and the market risk of the portfolio.

'AAA' Senior Notes versus 'AAA' Senior Capital Notes

The Fitch 'AAA' rating addresses the probability that the rated tranche incurs a single dollar of loss; hence both the senior notes and the senior capital notes are able to withstand the Fitch 'AAA' stress. The difference between the two is explained below.

Expected Recovery

The difference between the two types of notes is the recovery value given that an enforcement event has occurred or, to put it more formally, the expected recovery conditional upon an enforcement event occurring.

'AAA' Senior versus Capital Note Expected Recovery

Tranche	Rating	Expected Recovery
Senior Notes	AAA	100%
Senior Capital Notes	AAA	70-80%

Source: Fitch

Therefore, although both senior notes and senior capital notes have a 'AAA' probability of loss, given that an enforcement event has occurred the expected recovery on the senior capital notes will be less than the senior notes.

Structural Tests

Rhinebridge must comply with a series of tests, including interest rate sensitivity tests, currency sensitivity tests, liquidity tests, portfolio parameter tests and capital tests.

If these tests are breached and not remedied within a specified period (see *States of Operation* section) then Rhinebridge will enter the relevant restricted state. Interest rate and currency risks are hedged to ensure that the vehicle does not run any market risk (other than credit risk). In the event of non-compliance of the interest rate or currency sensitivity test or the liquidity tests, the manager will have five days to remedy the situation, otherwise the vehicle will enter a restricted funding state.



Market Sensitivity Tests

1. Interest Rate Sensitivity

On each business day, the manager determines the portfolio's sensitivity to changes in interest rates as follows:

1. **Parallel yield curve shift:** the change in NAV across all instruments caused by a 1bp and a 100bp parallel shift in the yield curve.

Parallel Yield Curve Test

Test	Change	Tolerance
Parallel yield curve shift(s)	1bp parallel yield curve shift (up or down)	0.2bp change in NAV
	100bp parallel yield curve shift (up or down)	20bp change in NAV

Source: Transaction Documentation

2. **Point-by-point yield curve shift:** measured for each tenor along the relevant yield curve; this is the change in NAV across all instruments caused by a 1bp and 100bp shift in the yield curve at 11 different tenors along the curve.

Point-by-Point Yield Curve Test

Test	Change	Tolerance
Point-by-point yield curve shift(s)	1bp shift (up or down) of the yield curve at independent points	0.2bp change in NAV
	100bp shift (up or down) of the yield curve at independent points	20bp change in NAV

Source: Transaction Documentation

3. **Hedging compliance test:** the issuer will use an interest rate hedging strategy to offset the available funds cap (AFC) risk of the HEL and Home Equity Line of Credit (HELOC) assets, typically by purchasing interest rate caps or other derivatives. The hedging compliance test measures the value of the HEL and HELOC assets and hedge portfolio given a parallel shift in the forward curve by increasing each point on the curve by 100bp.

Point-by-Point Yield Curve Test

Test	Change	Tolerance
Available funds cap test	100bp upward parallel yield curve shift	Zero or positive change for HEL bonds, HELOC bonds and the hedge portfolio

2. FX Sensitivity Limit

On each business day, the manager will calculate the sensitivity of the issuer's assets and liabilities to changes in foreign exchange rates.

FX Sensitivity Test

Test	Change	Tolerance
Spot foreign exchange	1% change in relative value	2bp change in NAV
	10% change in relative value	20bp change in NAV

Source: Transaction Documentation



Liquidity Tests

Liquidity NCO Limit

The net cumulative outflow (NCO) limit monitors the maximum NCO over the given period over the next year, relative to the amount of available liquidity resources over the same period.

The issuer maintains committed liquidity and liquid assets in an amount equal to the maximum net cumulative cash outflow during any consecutive period of one, five, 10 and 15 days over the next year.

NCO One- and Five-Day Test

The manager performs the daily test to ensure that the issuer has sufficient committed liquidity in an aggregate amount equal to, or greater than, the one- and five-day NCO test.

NCO 10- and 15-Day Test

The manager performs the daily test to ensure that the issuer has sufficient committed liquidity and that liquid assets have a discounted market value greater than or equal to the 10- and 15-day NCO test.

Committed Liquidity

The balance of the committed liquidity includes:

1. committed liquidity facilities;
2. demand deposits, including cash;
3. breakable deposits less breakage fees; and
4. committed repurchase agreements, puttable asset agreements and any other facility that may be agreed with Fitch.

The target balance of these liquidity facilities should represent 5% to 10% of the asset portfolio, allowing the vehicle to remain liquid even during a disruption in the funding market.

Liquid Assets

Part of the issuer's liquidity requirements may be supplied by holdings of liquid assets. These are highly rated, highly liquid securities that can be liquidated at short notice to meet Rhinebridge's obligations. Liquidity eligible assets can include:

1. 'AAA' USD-denominated floating-rate ABS, backed by:
 - a. credit card loans with an average life not in excess of seven years;
 - b. auto loans with an average life not in excess of three years; or
 - c. government guaranteed student loans with an average life not in excess of two years.
2. 'AAA' USD-denominated HELs that:
 - a. have an average life of five years or less.
3. UK or Australian RMBS that:
 - a. have an average life of five years or less.

The amount of eligible liquidity provided by each liquid asset for the purpose of the NCO test is determined by discounting the market value of these assets by a factor agreed with Fitch.



Restricted Funding Capital and Restricted Investments Capital Tests

Each business day, the manager will test the restricted funding and restricted investments capital tests.

Minor Capital Tests

Failure of a minor capital test will result in Rhinebridge entering a restricted investment state.

1. Minor Capital Adequacy Test

Market value of assets * (1 – restricted investments test capital charge) \geq senior liabilities.

2. Minor Capital Loss Test

NAV > 70% * capital notional.

3. Capital Note Simulation Model Rating Test (Calculated Weekly)

The issuer will breach the capital note simulation model rating test if the implied rating of the mezzanine capital notes falls below either 'BBB+' and the implied rating of the senior capital notes falls below 'AA'.

4. Capital Note Maturity Test (Calculated Weekly)

This tests that the amortisation profile of the asset portfolio is adequate to repay maturing capital notes at their legal final maturity.

5. Adjusted Net Asset Value Leverage Test

NAV of the capital notes / senior obligations > 4.55%.

If a five business day breach of a restricted investments test occurs, the vehicle will enter a state of restricted investments until such time as compliance is achieved.

Major Capital Tests

Failure of a major capital test will result in Rhinebridge entering a restricted funding state.

1. Major Capital Adequacy Test

Market value of assets * (1 – restricted funding test capital charge) \geq senior liabilities.

2. Major Capital Loss Limit Test

Market value of asset - senior liabilities \geq 50% * (outstanding capital notes).

3. Maximum Leverage Tests

- Total portfolio value / capital notional \leq 25
- Total portfolio value / junior capital notional \leq 133
- Total portfolio value / (junior + mezzanine capital notional) \leq 33.3

4. Relative Leverage Tests

- (junior + mezzanine notional) / senior notional \geq 5.5/4.5
- junior / (mezzanine notional + senior notional) \geq 1/9

The restricted funding and restricted investments capital charges are agreed with Fitch and are based on predefined matrices. These use the rating and tenor of the asset to size the minimum capital requirement, e.g. long-dated low-rated assets will have a higher capital charge than short-dated highly rated assets.

If a five business day breach of a restricted funding test occurs, the vehicle will enter a state of restricted funding until such time as compliance is achieved.



Leverage

Rhinebridge operates both restricted funding and restricted investments capital leverage tests. The maximum implied leverage of the vehicle under normal operations is 25x, with the minimum NAV at 70%.

Rhinebridge is currently targeting an operating leverage of between 9 and 12x.

Portfolio Criteria

Rhinebridge must comply with the following operating limits:

Obligor Concentration Limits

The portfolio is required to reflect the following single obligor concentration limits defined in terms of asset ratings:

Rating of Obligor Group

Rating	Max (%)
AAA	4
AA	4
A	2
BBB	0.5
BB	0

Source: Transaction documents

Average Life of Portfolio

The target weighted-average life of the investment portfolio is approximately 3.5 years compared with the weighted-average life of the senior notes at approximately six months. The maximum weighted-average life at point of purchase of the portfolio is seven years.

Maximum Investment Weighted-Average Life

	Max (%)
Up to and including 12 years	100
Less than 20 years	5
Greater than 20 years	0

Source: Transaction documents

Currency Risk Limit

The percentage of credit exposure to investments and hedging agreements in each currency must comply with the following limits:

Currency Limits (%)

Sovereign state or supranational/foreign currency rating

Max or min percentage of portfolio

US (MIN)	75
EUR (MAX)	25
GBP (MAX)	25
Other (MAX)	15

Source: Transaction documents

Country Risk Limit

The percentage of credit exposure to investments and hedging agreements in each jurisdiction may not exceed the levels defined in the table below.

Country Limits

(%)



US	100
UK	50
France	50
Germany	50
Italy	50
Spain	25
Other	

Source: Transaction documents

Rating Limits

Rhinebridge may only enter into new investments (and other obligations) when these meet the minimum rating requirements detailed below. These are determined using the available Fitch ratings. For non-Fitch rated assets, the lower of S&P and Moody's current rating will be used as the deemed rating. (Note that notching is not applied to non-Fitch rated assets.)

Portfolio Rating Limits

Rating category	Minimum requirements (%)
AAA	40
AAA to AA	60
AAA to A	80
AAA to BBB	85
AAA to BB	90

Rating requirements expressed as a percentage of the total portfolio notional amount

Source: Transaction documents

Rating Concentration Limit

Rhinebridge must operate within portfolio limits. If a maximum operational concentration limit is breached then an additional capital charge of 10% is applied to the amount in excess of the limit. A breach of the maximum eligible limit would require Rhinebridge to hold a 100% capital charge against the amount in excess of the limit.

Maximum Portfolio Concentration

Sector Category	Max Eligible Limit	Max Operational Limit
Global CDOs	40%	35%
CLOs	40%	35%
Structured Finance CDOs	30%	25%
HY CBOs	20%	17.5%
Single Tranche CDO	7.5%	4%
Investment-Grade Corporate	5%	4%
Trust Preferred CDOs	5%	4%
Balance Sheet CDOs	25%	22.5%
SME CDOs	25%	22.5%
CRE CDOs	5%	4%
Other	8%	6%
CMBS	50%	40%
Single Property	20%	17.5%
Conduit	30%	25%
Large Loan	40%	35%
Credit Tenant Lease	10%	8%
Other	8%	6%
Consumer ABS	60%	50%
Non-Sallie Mae Student Loans*	40%	35%
Sallie Mae Student Loans*	40%	35%
Credit Cards	30%	25%
Charged-off Cards (i.e. non-performing)	5%	4%
Auto Loans	30%	25%
Auto Sub-Prime	5%	4%
Consumer Loans	30%	25%
Other	5%	4%
Global RMBS	75%	70%



Prime RMBS	50%	40%
Home Equity Loans	70%	65%
HELOC	20%	17.5%
Non-Prime Non-US RMBS	40%	35%
Manufactured Housing	5%	4%
Other	8%	6%
Corporate ABS	50%	40%
Trade Receivables	10%	8%
Lease Backed	10%	8%
Aircraft Loans/Leases	0%	0%
Whole Business	10%	8%
Other	8%	6%
Other	5%	4%
Monoline Wrapped Global RMBS	30%	25%

Source: Transaction documents, Fitch

* Non-Sallie Mae Student Loans and Sallie Mae Student Loans combined are subject to an operational limit of 35% and an eligible limit of 40%

States of Operation

Rhinebridge will operate in four possible states: normal, restricted investments, restricted funding and enforcement. These states are designed to mitigate the risks to senior and mezzanine creditors arising from any actual portfolio losses or potential losses caused by any decline in the market value of the underlying portfolio.

Normal Operating State

In this state, Rhinebridge is able to run the business under the credit, liquidity, market risk and capital guidelines. Rhinebridge may grow the portfolio, increase funding, pay interest and distribute profits to investors.

Restricted Investments State

This state has been designed to allow the issuer to re-enter normal operations without being required to sell off assets. In this state, the following restrictions apply:

1. the issuer will not be permitted to invest in new assets, except those of equal or lower capital requirement;
2. the issuer will only enter into new hedging agreements in limited circumstances;
3. no capital notes may be redeemed unless all senior-ranking obligations have been paid in full unless such capital note redemption would be for the benefit of the vehicle;
4. no variable margin will be paid to any capital note;
5. no junior management fees will be paid to the manager; and
6. no interest will be paid to junior capital notes unless all senior-ranking obligations have been paid in full.

Restricted Investments Event

The events that can force Rhinebridge into a restricted investments state are:

1. breach of any of the minor capital tests or the weighted-average life of senior funding test if such breach remains unremedied immediately following the expiry of a cure period of five business days commencing on the date of such breach;
2. failure by the issuer to redeem any capital note on or by its expected maturity date if such failure remains unremedied immediately following the expiry of a cure period of five business days commencing on the date of such failure;
3. breach of any of the market sensitivity tests; or
4. breach of any of the liquidity tests.

Restricted Investments Remedial Condition

The cure is immediate once the test is passed.

**Restricted Funding**

This state has been designed to allow the portfolio to unwind as the liabilities in the portfolio mature, if necessary by selling assets, and restrict payments to the subordinated notes. Under restricted funding, restrictions apply (in addition to the restricted investment restrictions):

1. no senior notes may be issued;
2. the issuer will not be permitted to invest in new assets;
3. no interest amount may be paid to the holders of the senior capital notes, mezzanine capital notes or junior capital notes until all senior ranking obligations have been paid in full;
4. no variable margin may be paid to capital notes until all the outstanding senior ranking obligations to payment of the variable margin have been paid; and
5. no capital notes may be redeemed until all the outstanding senior ranking obligations have been paid.

Restricted Funding Event

The events that can force Rhinebridge into a restricted funding state are:

1. five-day breach *of any of* the major capital tests (other than the major capital loss test);
2. breach of the major capital loss test;
3. five day breach *of any of* the market sensitivity tests; and
4. five day breach *of any of* the liquidity tests.

The cure is immediate once the test is passed.

Enforcement

Unlike the restricted states, the enforcement state is permanent. The senior creditor may request that the trustee enforces security over the assets and unwind the portfolio as the liabilities in the portfolio mature, if necessary by selling assets, and restrict payments to the subordinated notes. In enforcement, in addition to the restricted funding conditions, the enforcement manager will draw or exercise, as applicable, all its committed liquidity and will liquidate assets as necessary to pay the senior notes as they come due



Enforcement Event

The events that can force Rhinebridge into an enforcement state are:

1. the occurrence of a default in payment of any principal or interest on any senior notes;
2. a default in payment of principle or interest on the senior capital note or the mezzanine capital note on the legal maturity date;
3. a default under the liquidity agreement;
4. a derivative specified default;
5. a repo specified default;
6. the issuer becomes insolvent; and
7. five-day breach of the major capital loss test.

The restricted investment and restricted funding are not permanent states and the SIV may return to a normal state of operations following corrective action by the manager. The senior capital and mezzanine capital note ratings address the probability that the SIV will enter a restricted funding state.

Reporting

The issuer provides monthly investor reports as well as its audited annual and semi-annual consolidated financial statements to investors.

In addition, reports on the interest rate sensitivity, FX sensitivity, NCO, diversification and capital tests and associated limits are sent to Fitch weekly. The reports will also indicate if any breach of the tests has occurred and whether, as a result, Rhinebridge has entered a restricted state.

The manager will also provide quarterly commentaries combining market and research perspectives on the investment strategy.

Performance Analytics

Fitch receives weekly reports from Rhinebridge, focusing on limit compliance, portfolio composition and market tests. This data is analysed against transaction-specific internal surveillance guidelines created by Fitch, which include market value and leverage calculations.

The senior note rating addresses the likelihood that Rhinebridge will be able to make payments to the senior noteholders irrespective of whether a restricted funding state occurs. The capital note rating addresses the probability that restricted funding will occur. For the purposes of the capital note rating and analysis, Fitch calculated the probability that restricted funding would lead to a loss of at least USD1 on the notes.

It should be noted that the rating of the notes is linked not only to the credit quality of the assets held and the manager's ability to manage the vehicle, but also linked to the impact on the portfolio's value of market factors that may be beyond the manager's control. The mark-to-market of the portfolio is very important for the ongoing surveillance of the notes and particularly the capital notes. For example, sharp increases in spreads, whether caused by asset-specific issues or general market conditions, will erode the market value of the capital in this programme and increase the probability that restricted funding will occur. This may lead to downward rating pressure on the capital note.

The rating on the senior notes is a function of the vehicle's ability to meet its obligations on these notes in full in a range of circumstances, including a rapid liquidation of the portfolio in the event that the vehicle has difficulty rolling over maturing short-dated funding. The rating on the senior notes would not necessarily be at risk if a restricted funding event became more likely. However, it would be at risk if the market value of the portfolio was severely impaired, if there was any significant rating migration in the portfolio or if it became evident that assets would have to be liquidated substantially below par.



Further information on this service is available at www.fitchratings.com

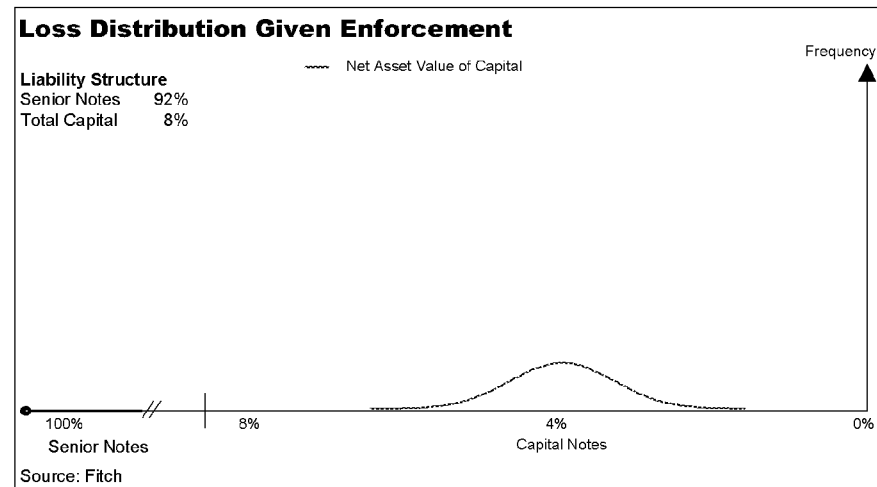
Please call the Fitch analysts listed on the first page of this report for any queries regarding the initial analysis or the ongoing performance.



Appendix: Simple Illustration of How the Relative Size of Capital Affects the Probability and the Severity of Loss

Below are two examples of how varying the total amount of capital affects the probability of loss and the loss severity for a hypothetical portfolio. Note these are examples and are not intended to reflect the Rhinebridge portfolio analysis.

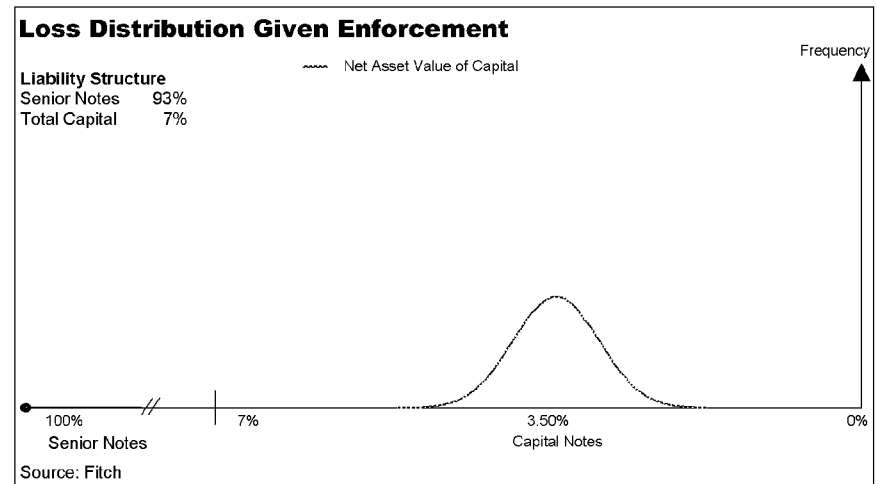
Example 1



In the first example, 92% of the portfolio is funded using CP and MTNs and the remaining 8% is funded with capital notes.

The distribution represents the NAV or the recovery value of total capital after the vehicle enters enforcement. Enforcement occurs once the combination of mark-to-market losses and credit losses reach 50% of total capital, 4% of portfolio value in this example.

Example 2





In the second example, 93% of the portfolio is funded using CP and MTNs and the remaining 7% is funded with capital notes.

The distribution represents the NAV or the recovery value of total capital after the vehicle enters enforcement. Enforcement occurs once the combination of mark-to-market losses and credit losses reach 50% of total capital, 3.5% of portfolio value in this example.

The keys points to highlight are as follows:

1. Reducing the total capital increases the probability of loss – represented by the area under the NAV distribution line in the charts.
2. Reducing the total capital reduces the severity of loss of total capital– represented by the position of the NAV distribution line in the charts.
3. Changing the liability structure has no effect on the level of credit defaults.



Copyright © 2010 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. One State Street Plaza, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. All of the information contained herein is based on information obtained from issuers, other obligors, underwriters, and other sources which Fitch believes to be reliable. Fitch does not audit or verify the truth or accuracy of any such information. As a result, the information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed, suspended, or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of Great Britain, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

TAB 14

HIGHLY CONFIDENTIAL

Page 1

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

3 KING COUNTY, WASHINGTON,)
4 Individually and On Behalf of)
5 All Others Similarly Situated,)
6 Plaintiff,)
7 vs.) Civil Action No.
8 IKB DEUTSCHE INDUSTRIEBANK AG,) 1:09-cv-08387-SAS
9 et al.,) CLASS ACTION
10 Defendants,)

-----)

11 IOWA STUDENT LOAN LIQUIDITY)
12 CORPORATION, Individually and)
13 On Behalf of All Others)
14 Similarly Situated,)
15 Plaintiff,)
16 vs.) Civil Action No.
17 IKB DEUTSCHE INDUSTRIEBANK AG,) 1:09-cv-08822-SAS
18 et al.,) CLASS ACTION
19 Defendants.)

20 HIGHLY CONFIDENTIAL

21

22 VIDEOTAPED DEPOSITION OF GLENN MOORE

23 WEDNESDAY, NOVEMBER 30, 2011

24

25 PAGES 1 - 233

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 50</p> <p>1 "Experienced Rating Analysts", and the first bullet 2 there says: 3 "The Fitch SIV rating team have experience" 4 -- it's bolded and underlined -- "working in SIV 5 market." Do you see that? 6 A. I see that. 7 Q. Who, other than yourself and Paddy 8 Clerkin, worked in the SIV team at this time? 9 A. So, internally, the SIV team was 10 Paddy and I. We would work on all SIV transactions 11 but, at Fitch, there were a number of people over 12 the years that had worked on the various vehicles. 13 Q. Who were those people? 14 A. From committee papers I had seen 15 and from discussions, I know that Roger Merritt had 16 been involved, Kim Slawek, Richard Gamble, 17 Ken Gill, and there's somebody else I want to say. 18 I mean, but these were long-standing Fitch 19 employees. 20 Q. And -- but at the time of this 21 presentation in November 2006, those individuals 22 did not work in the Fitch team, right? 23 MR. EHRLICH: Objection to form, misstates 24 the testimony. 25 A. You shouldn't think of the SIV</p>	<p style="text-align: right;">Page 51</p> <p>1 team, ie, me and Paddy, as being a silo. I mean, 2 Fitch works on a committee basis, so all of these 3 people would be aware of, you know, what's going 4 on, so they -- they -- they would have involvement. 5 MR. ALVARADO: Down to the second bullet 6 there, it says, "Experience includes SIV 7 structuring" -- bolded and underlined -- "capital 8 model development, rating agency negotiation, SIV 9 growth planning, credit analysis, marketing and 10 investment risk & committee membership." 11 Do you see that? 12 A. I do. 13 Q. And the SIV structuring experience, 14 is that referring to the other six or seven SIVs 15 that Fitch had rated prior to the Rhinebridge SIV? 16 MR. EHRLICH: Objection to form, misstates 17 the document. 18 A. No, the experience of the people 19 who worked at Fitch previously had structuring 20 experience of SIVs. I didn't draft this, so I 21 don't know exactly who they're talking about who 22 had that experience. 23 MR. ALVARADO: And -- okay. Skipping over a 24 little bit, it says "rating agency negotiation". 25 Do you see that?</p>
<p style="text-align: right;">Page 52</p> <p>1 A. I do, yes. 2 Q. What does that mean? 3 A. That would be mean from the other 4 side, so somebody is working at a firm trying to 5 get something rated, working with the agencies. 6 Q. You said "a firm". What, another 7 rating agency, or -- is that what you refer to when 8 you said "a firm"? 9 A. Sorry, did I say "a firm"? 10 Q. You said work -- "somebody working 11 at a firm trying to" -- 12 A. No, "a firm", not "affirm". A 13 company. 14 Q. A company. 15 A. Sorry. 16 Q. Right. Is that -- are you 17 referring to other rating agencies in that 18 sentence, or --- 19 A. No, no, no, other SIVs -- I mean, 20 it could be anything, any bank, or anyone who has 21 ever had calls to work with a rating agency, but, 22 again, I didn't write this, so -- yeah, I don't -- 23 it's quite generic. 24 Q. And then it continues, and then at 25 the end it says "marketing and investment & risk</p>	<p style="text-align: right;">Page 53</p> <p>1 committee membership". Do you see that? 2 A. I do, yeah. 3 Q. Did -- who had experience marketing 4 SIVs at Fitch? 5 MR. EHRLICH: Objection to form. 6 A. I don't know that it's even 7 specifically talking about SIVs at this point. 8 Again -- I mean it just says "marketing". That 9 could be marketing anything. 10 MR. ALVARADO: If you turn to page 8 under, 11 "Benefits of selecting Fitch in the rating 12 process", the second bullet says: 13 "Rating agencies traditionally have been poor 14 in specifying the minimum content requirements for 15 the Operating Manual or minimum requirements for 16 capital sufficiency. This leads to delays and 17 wastes manager's resources. Fitch assist the 18 manager by providing clear guidance on the minimum 19 content on the Operating Manual and [the] minimum 20 capital requirements we expect to see." 21 Do you see that? 22 A. I do. 23 Q. Did you assist Rhinebridge in the 24 content of the operating manual that governed 25 Rhinebridge?</p>

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 74</p> <p>1 A. Well, within the Rhinebridge 2 context, it was a trigger that said when the 3 capital value is eroded by 50 per cent then the 4 vehicle must unwind, or go into enforcement. 5 MR. BUELL: Objection to form. Prior 6 question. 7 THE COURT REPORTER: I'm sorry, objection to 8 form? 9 MR. BUELL: Prior question. 10 MR. ALVARADO: When the -- so the cap -- you 11 said the capital value. Is that the same as the 12 market value? In your prior answer, you said, 13 within the Rhinebridge context it was a trigger 14 that said when the capital value is eroded by 15 approximately 50 per cent. Is that the same as 16 market value? 17 MR. EHRLICH: Objection to form. 18 A. No, no, I'll clarify. So, I'll 19 probably use a few terms here. You have a 20 portfolio value, where I'm talking about the 21 average price of all of the assets. When I'm 22 talking about capital value, it will be the price 23 of the most junior note on the liability side. So 24 when I say 50 per cent on a capital note, I mean 25 50 per cent of that particular note has eroded.</p>	<p style="text-align: right;">Page 75</p> <p>1 MR. ALVARADO: Then Mr. Clerkin continued in 2 his e-mail to you, he said -- if you skip down a 3 bit, he says -- he says, "I have not heard of HELs 4 as LEAs." Do you see that? 5 A. Yes. 6 Q. Fitch ultimately permitted the 7 Rhinebridge SIV to treat certain HELs at LEAs; is 8 that correct? 9 MR. EHRLICH: Objection to the form and to 10 "permitted". 11 A. Yeah. I mean, I'll say again, 12 Fitch never permitted nor -- yeah -- it doesn't 13 permit anything. It rates to what it sees. 14 MR. ALVARADO: The Rhinebridge SIV treated 15 certain HELs as LEAs; is that right? 16 MR. EHRLICH: Objection to the form and 17 foundation. 18 A. Yeah, within this documentation, it 19 wanted to have LEAs or home equity loans acting as 20 liquid eligible assets. 21 MR. ALVARADO: And those HELs that were able 22 to be considered LEAs had a haircut on them; is 23 that right? 24 MR. EHRLICH: Objection to form and 25 foundation.</p>
<p style="text-align: right;">Page 76</p> <p>1 A. Yeah, generally, depending on the 2 credit risk, maturity, of any asset. If it was 3 eligible, then it would have a haircut applied to 4 it. 5 MR. ALVARADO: And, what were the haircuts on 6 the HEL -- or the LE -- the HELs that were allowed 7 to be LEAs in the Rhinebridge SIV? 8 MR. EHRLICH: Objection to form and 9 foundation. You can answer if you know. 10 A. No, I don't recall. 11 MR. ALVARADO: Had you ever heard of HELs as 12 LEAs in prior SIVs? 13 MR. EHRLICH: Objection to the form. 14 A. No, I hadn't, but we also didn't 15 have 100 per cent market coverage. 16 MR. ALVARADO: And he concludes his e-mail to 17 you, and he says: 18 "It all sounds as if IKB are pushing the 19 boundaries of what the market understands a SIV to 20 be." 21 Do you see that? 22 A. I do. 23 Q. Did you believe that IKB was 24 pushing the boundaries what the market understands 25 a SIV to be?</p>	<p style="text-align: right;">Page 77</p> <p>1 MR. EHRLICH: Objection to form. Calls for 2 speculation. 3 MR. ALVARADO: I'm asking if you believe, 4 sir. 5 A. I don't know which boundaries Paddy 6 is referring to. 7 Q. I'm not asking what Paddy's 8 referring to, I'm asking you if you believe that 9 IKB was pushing the boundaries of what the market 10 understands a SIV to be. 11 MR. EHRLICH: An objection to form. Vague as 12 to boundaries. 13 A. Yeah, if you can define some 14 boundaries. 15 MR. ALVARADO: Did you believe that IKB was 16 pushing what was -- what was normal -- in the 17 normal SIV market? 18 MR. EHRLICH: Objection to form. 19 MR. ALVARADO: Pushing beyond what was in the 20 normal SIV market? 21 MR. EHRLICH: Totally vague. You can answer 22 if you understand. 23 MS. KAMISON: And objection as to IKB. 24 A. Sorry, what was the question? 25 MR. ALVARADO: I said, did you believe that</p>

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 90</p> <p>1 the testimony.</p> <p>2 A. It was formulated in that sense,</p> <p>3 yes. However, just to point out, that wasn't the</p> <p>4 end of the analysis.</p> <p>5 MR. ALVARADO: What -- what continued after</p> <p>6 that, after the acceptance of the other rating</p> <p>7 agencies' ratings?</p> <p>8 MR. EHRLICH: Objection to form, vague.</p> <p>9 A. So, I mean --</p> <p>10 MR. EHRLICH: Is this SIV analysis? What</p> <p>11 analysis are you talking about?</p> <p>12 MR. ALVARADO: Do you have my question in</p> <p>13 mind?</p> <p>14 A. No, sorry. Can you repeat the</p> <p>15 question?</p> <p>16 Q. You said that that wasn't the end</p> <p>17 of the analysis. My question is, what continued</p> <p>18 after that, after you took a look at the other</p> <p>19 rating agencies' ratings and then accepted those</p> <p>20 ratings, what else was done?</p> <p>21 A. So, that's -- yeah, so specifically</p> <p>22 on Rhinebridge, if we felt there were</p> <p>23 concentrations to any areas or any sectors or asset</p> <p>24 classes where Fitch didn't have full coverage and</p> <p>25 we were applying this policy, then we would go to</p>	<p style="text-align: right;">Page 91</p> <p>1 the experts within that area and ask them to look</p> <p>2 through the assets and just give us a feel for the</p> <p>3 quality of the rating.</p> <p>4 Q. Was notching ever performed after</p> <p>5 -- based on this later analysis that was done --</p> <p>6 MR. EHRLICH: Objection.</p> <p>7 MR. ALVARADO: -- after this discussion with</p> <p>8 the other groups at Fitch?</p> <p>9 MR. EHRLICH: Objection to form. Vague as to</p> <p>10 context.</p> <p>11 A. Are we talking about Rhinebridge or</p> <p>12 just generally at Fitch?</p> <p>13 MR. ALVARADO: I'm just asking you a general</p> <p>14 question.</p> <p>15 A. Committee have -- within -- I mean,</p> <p>16 the whole rating process is a committee process.</p> <p>17 Quite often we would stress our own ratings or to</p> <p>18 look at different scenario -- different scenario</p> <p>19 and outcomes, so if we thought there was a</p> <p>20 particular concentration, we may stress everything</p> <p>21 within that sector.</p> <p>22 Q. And how about with respect to the</p> <p>23 Rhinebridge SIV? Did -- were assets notched later</p> <p>24 down the road, after further discussion with other</p> <p>25 groups at Fitch?</p>
<p style="text-align: right;">Page 92</p> <p>1 MR. EHRLICH: Objection to the form.</p> <p>2 A. I don't recall ever notching the</p> <p>3 rating. But, as part of our analysis, we would</p> <p>4 take the historical migration of certain asset</p> <p>5 classes, or, in fact, the entire portfolio, and</p> <p>6 start scaling it up, so increasing the amount of --</p> <p>7 if you like, adding multipliers to the default, and</p> <p>8 we would do similar things with market value as</p> <p>9 well.</p> <p>10 MR. ALVARADO: Was that done for the</p> <p>11 Rhinebridge SIV?</p> <p>12 A. Yes, there were multiple stresses</p> <p>13 performed.</p> <p>14 Q. Is that other stresses performed in</p> <p>15 the context of the internal SIV model or the CDO</p> <p>16 VECTOR of the model?</p> <p>17 MR. EHRLICH: Objection to form.</p> <p>18 A. Both, and -- and more. I mean, all</p> <p>19 analysis. Any -- any analytic analysis you can do,</p> <p>20 you can stress.</p> <p>21 THE VIDEOGRAPHER: Mr. Moore, please.</p> <p>22 A. Sorry.</p> <p>23 MR. ALVARADO: You can put that document</p> <p>24 aside. I'm marking exhibit 389 for identification.</p> <p>25 (Exhibit 389 marked for identification)</p>	<p style="text-align: right;">Page 93</p> <p>1 MR. ALVARADO: For the record, exhibit 389 is</p> <p>2 an e-mail string bearing Bates number FITCH-RHINE</p> <p>3 00053420 through 00053423. Please take a moment to</p> <p>4 familiarise yourself with the document, and let me</p> <p>5 know when you're ready.</p> <p>6 MR. SILVER: I think you may have misstated</p> <p>7 the dates.</p> <p>8 MS. KEENE: Sorry, these are not the numbers</p> <p>9 I have got.</p> <p>10 MR. ALVARADO: Oh, did I --</p> <p>11 MS. KEENE: Bates numbers.</p> <p>12 MR. EHRLICH: Yep. We have 53265 through 67.</p> <p>13 A. Yep.</p> <p>14 MR. EHRLICH: Which is what the witness has.</p> <p>15 MR. ALVARADO: Bear with me.</p> <p>16 (Short pause)</p> <p>17 MR. ALVARADO: So, sorry about that. Is this</p> <p>18 what the witness has?</p> <p>19 MR. EHRLICH: Yes, it is 53265 through 67.</p> <p>20 A. Mmm-hmm.</p> <p>21 (Short pause)</p> <p>22 MR. ALVARADO: The e-mail string begins on</p> <p>23 the page ending 266, and it's an e-mail from</p> <p>24 Jeffrey Cromartie to the European Structured Credit</p> <p>25 e-mail distribution group with a CC to Kevin</p>

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 94</p> <p>1 Kendra. Do you see that?</p> <p>2 A. I do.</p> <p>3 Q. And who's Jeffrey Cromartie?</p> <p>4 A. I think at that time he was heading</p> <p>5 up the European surveillance team, structured</p> <p>6 credit surveillance team.</p> <p>7 Q. And then the European Structured</p> <p>8 Credit, that was the umbrella group under which it</p> <p>9 worked; is that right?</p> <p>10 A. That's correct.</p> <p>11 Q. And -- so you were a member of this</p> <p>12 e-mail distribution group?</p> <p>13 A. I'd imagine so. I mean, I don't</p> <p>14 know if I was or wasn't, but I'd imagine so.</p> <p>15 Q. And who is Kevin Kendra?</p> <p>16 A. He was an analyst, fairly senior</p> <p>17 analyst, I think senior director in the U.S.. I</p> <p>18 don't recall what sector he was covering at that</p> <p>19 point in time.</p> <p>20 Q. And the subject is:</p> <p>21 "New Transactions with U.S. Subprime Exposure</p> <p>22 -- approved by Stefan -- so read it."</p> <p>23 Right?</p> <p>24 A. Correct.</p> <p>25 Q. And it says:</p>	<p style="text-align: right;">Page 95</p> <p>1 "Team,</p> <p>2 If you have" -- "if you have a transaction</p> <p>3 with U.S. RMBS subprime exposure, please cross</p> <p>4 reference your portfolio against two lists of</p> <p>5 potential problem assets located here:"</p> <p>6 And then there's a link provided, right?</p> <p>7 A. Mmm-hmm.</p> <p>8 Q. And what -- what is this link?</p> <p>9 Where would you be able to find this link to the</p> <p>10 (H:) drive?</p> <p>11 A. On the internal network of Fitch.</p> <p>12 Q. And did you -- did you -- did you</p> <p>13 cross-reference the Rhinebridge SIVs assets to this</p> <p>14 checklist that Jeffrey Cromartie sent out?</p> <p>15 A. I don't specifically remember</p> <p>16 whether I did or didn't do this check.</p> <p>17 Q. And then is this sometimes referred</p> <p>18 to as the screener?</p> <p>19 MR. EHRLICH: Objection to the form,</p> <p>20 foundation.</p> <p>21 A. Ah, no, I don't know. Where does</p> <p>22 it say "screening"?</p> <p>23 MR. ALVARADO: It doesn't say that. Do you</p> <p>24 know what "screener" is?</p> <p>25 A. Not within the context of the U.S.</p>
<p style="text-align: right;">Page 96</p> <p>1 transactions, no.</p> <p>2 Q. What is your understanding of it</p> <p>3 within the context of non-U.S. transactions?</p> <p>4 A. Um --</p> <p>5 MR. EHRLICH: Objection to form, vague. You</p> <p>6 can answer.</p> <p>7 A. I mean, after, I think, 2008 or</p> <p>8 nine, we had a screener process for new</p> <p>9 transactions, but clearly that's not what they're</p> <p>10 -- I don't think they're referring to here.</p> <p>11 MR. ALVARADO: You can put that aside. I'm</p> <p>12 marking exhibit 390.</p> <p>13 (Exhibit 390 marked for identification)</p> <p>14 MR. ALVARADO: Exhibit 390 is an e-mail</p> <p>15 string bearing Bates number FITCH-RHINE 00053420</p> <p>16 through 00053423.</p> <p>17 (Short pause)</p> <p>18 A. Okay.</p> <p>19 Q. The e-mail string begins on the</p> <p>20 page ending 422, and it's an e-mail from</p> <p>21 Jeffrey Cromartie again to you, Stefan Bund -- and</p> <p>22 Stefan Bund, right, and the subject is</p> <p>23 "Rhinebridge"?</p> <p>24 MR. EHRLICH: I think you misread the</p> <p>25 document, but it's clear, on the face of it.</p>	<p style="text-align: right;">Page 97</p> <p>1 MR. ALVARADO: Are you on page 4?</p> <p>2 A. Sorry, I was reading something</p> <p>3 else. Sorry, can you --</p> <p>4 MR. ALVARADO: On the page ending 422.</p> <p>5 A. Yep.</p> <p>6 Q. The bottom there, Jeffrey Cromartie</p> <p>7 writes:</p> <p>8 "Hi Glenn,</p> <p>9 Thank[s] you for your slides on SIV exposure.</p> <p>10 Stefan presented them to Kim and our new chief</p> <p>11 credit officer, and things went well."</p> <p>12 Do you see that?</p> <p>13 A. I see that.</p> <p>14 Q. And what slides did you prepare for</p> <p>15 Mr. Cromartie?</p> <p>16 A. I'm afraid I don't recall the exact</p> <p>17 slides.</p> <p>18 Q. Well, they concerned SIV exposure,</p> <p>19 right?</p> <p>20 A. That's what he's written, yes.</p> <p>21 Q. And who was the new chief credit</p> <p>22 officer referenced here, do you know?</p> <p>23 A. I believe that's Roger Merritt, and</p> <p>24 he appears later in the e-mail chain.</p> <p>25 Q. And Kim, is that Kim Skinner?</p>

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 98</p> <p>1 A. No, it's Karen Skinner, but this is 2 Kim Slawek. 3 Q. And -- well here -- you mention 4 Roger. He writes an e-mail that begins on the page 5 ending 420. Do you see that? And he writes: 6 "Thanks for this analysis. 7 With 1.50% c/e" -- does that stand for 8 "credit enhancement"? 9 A. Yes, it does. 10 Q. -- "below the A rated notes, could 11 the rating of those notes effectively be 12 'weak-linked' to any credit migration in the 13 portfolio?" 14 Do you see that? 15 A. I do. 16 Q. And what does "weak-linked to any 17 migration in the portfolio" mean? 18 MR. EHRLICH: Objection to form. Calls for 19 speculation. 20 A. What he's asking is is there any 21 sizeable asset -- low-rated asset that, if 22 defaulted, could cause a default in the A notes. 23 So, can I just ask, what was the -- when did we 24 issue the rating on Rhinebridge? It was after this 25 day, wasn't it?</p>	<p style="text-align: right;">Page 99</p> <p>1 MR. ALVARADO: Yes. 2 A. Okay. So that -- so when we're 3 talking about credit enhancement of the A notes, 4 this is like an expectation of where things will 5 eventually come out. 6 Q. Okay. And then he continues: 7 "Not an [immediate] issue, but I raise this 8 because our RMBS group does expect some significant 9 credit migration over the next year in many of the 10 subprime transactions." 11 Do you see that? 12 A. I do. 13 Q. And did you have discussions with 14 people at Fitch regarding the expectation of the 15 RMBS group to -- that there was going to be a 16 significant credit migration over the next year? 17 MR. EHRLICH: Objection to the form, vague as 18 to timeframe. 19 MR. ALVARADO: In connection with rating the 20 Rhinebridge SIV. 21 A. I had discussions with the U.S. 22 RMBS group around the credit quality of the 23 portfolio, and their expectation at that time was 24 that no -- no investment grade note would be 25 downgraded, so Roger's referring here to far more</p>
<p style="text-align: right;">Page 100</p> <p>1 junior notes in U.S. subprime securitizations. 2 Q. And then if you -- if you turn to 3 your e-mail that's on the page ending 420. 4 A. Mmm-hmm. 5 Q. Toward the bottom where it says -- 6 you write, "Additionally" -- well let me just ask 7 you this, first. What does "credit migration" 8 mean? 9 A. Um, rating downgrades, essentially, 10 so migrating down the rating scale. 11 Q. And you write: 12 "Additionally, we had somebody from the RMBS 13 team look over [the] portfolio to spot any 14 potential downgrades but they commented that the 15 asset selection and choice of originators was good 16 and they did not expect any of the asset" -- 17 "assets to migrate in the near future." 18 Do you see that? 19 A. Yep. 20 Q. And who -- who did you speak with 21 at -- in the RMBS team in connection with the 22 Rhinebridge SIV rating? 23 MR. EHRLICH: Objection to form and 24 foundation. You can answer. 25 A. I recall telephone conversations</p>	<p style="text-align: right;">Page 101</p> <p>1 and e-mail exchanges with several people. I -- I 2 can't give you specifics, though, but -- but senior 3 people within the RMBS team. 4 MR. ALVARADO: And those -- those people are 5 in the U.S.? 6 A. Yes. 7 Q. And what did they do to determine 8 that the asset selection and choice of originators 9 was good? 10 MR. EHRLICH: Objection to the form. You can 11 answer. 12 A. I don't -- if you're asking me 13 specifically what did they do, I don't know, would 14 have to ask them. 15 MR. ALVARADO: In what form did they tell you 16 that the selection and choice of originators was 17 good? The asset selection and choice of 18 originators was good? 19 MR. EHRLICH: Objection to form and 20 foundation. You can answer. 21 A. I mean, what they would be telling 22 me is that they've chosen AAA assets from good 23 originating banks with strong criteria, and they -- 24 they didn't expect any of these to be downgraded in 25 the near term.</p>

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 102</p> <p>1 MR. ALVARADO: Anything else?</p> <p>2 A. No, not that I recall.</p> <p>3 (Short pause)</p> <p>4 MR. ALVARADO: You can put that document</p> <p>5 aside.</p> <p>6 (Short pause)</p> <p>7 MR. ALVARADO: This is sort of a big one. Do</p> <p>8 you think we have time? Are you doing okay?</p> <p>9 A. No, no, I'm happy.</p> <p>10 MR. EHRLICH: It's only been about 50</p> <p>11 minutes, I think.</p> <p>12 MR. ALVARADO: I'm marking exhibit 391.</p> <p>13 (Exhibit 391 marked for identification)</p> <p>14 MR. ALVARADO: This is a large document, and,</p> <p>15 please, take as much time as you need to</p> <p>16 familiarise yourself with it, but I will be just</p> <p>17 directing you to particular parts.</p> <p>18 A. Yeah. I mean, these are committee</p> <p>19 papers that I was involved in, so rather than spend</p> <p>20 a couple of hours reading it, you might want to be</p> <p>21 a bit more specific.</p> <p>22 MS. KEENE: This is 391?</p> <p>23 MS. KAMISON: 391.</p> <p>24 MR. EHRLICH: Yes, that's correct.</p> <p>25 MR. ALVARADO: Sure, so what is this</p>	<p style="text-align: right;">Page 103</p> <p>1 document, sir?</p> <p>2 A. It looks like an amalgamation of a</p> <p>3 number of documents, some of them appear to be</p> <p>4 Rhinebridge performance reports, some of them</p> <p>5 appear to be listing out the portfolio, committee</p> <p>6 papers. Yeah, I'm flicking through it now.</p> <p>7 Q. And you -- you said -- it's an</p> <p>8 e-mail that attaches the various documents that you</p> <p>9 just described, and you sent this e-mail on July</p> <p>10 30th, 2007, right?</p> <p>11 A. It looks as though I did, yes.</p> <p>12 Q. And you sent this e-mail in the</p> <p>13 ordinary course of your business at Fitch?</p> <p>14 A. I did, yes.</p> <p>15 Q. And it's titled "Committee paper +</p> <p>16 last weeks Rhinebridge report (with portfolio)",</p> <p>17 right?</p> <p>18 A. Mmm-hmm.</p> <p>19 Q. You write:</p> <p>20 "Kim</p> <p>21 Here is the final committee paper and last</p> <p>22 weeks Rhinebridge report, I will send on this weeks</p> <p>23 as soon as it arrives."</p> <p>24 Was this -- when you say "final committee</p> <p>25 paper", is that -- does that refer to the paper</p>
<p style="text-align: right;">Page 104</p> <p>1 that was completed -- the committee paper that was</p> <p>2 completed right prior to the launch of the</p> <p>3 Rhinebridge SIV?</p> <p>4 A. Yes.</p> <p>5 MR. EHRLICH: Objection to the form.</p> <p>6 A. Yes.</p> <p>7 MR. ALVARADO: And the first attachment here</p> <p>8 is ending on 850-0001. Do you see that?</p> <p>9 A. I do, yeah.</p> <p>10 Q. It's the "Rhinebridge plc Fitch's</p> <p>11 Weekly Report", right?</p> <p>12 A. Correct.</p> <p>13 Q. And from whom did you receive this</p> <p>14 report on a weekly basis?</p> <p>15 MR. EHRLICH: Objection to form and</p> <p>16 foundation.</p> <p>17 A. I believe it came directly from</p> <p>18 IKB CAM but produced by QSR.</p> <p>19 MR. ALVARADO: And what does this -- what</p> <p>20 does the weekly report reflect?</p> <p>21 A. It will -- it will go through</p> <p>22 assets, liabilities, pricing, liquidity tests,</p> <p>23 making sure that they're compliant with their own</p> <p>24 documentation.</p> <p>25 Q. And if you turn to the page ending</p>	<p style="text-align: right;">Page 105</p> <p>1 09 -- "-0009".</p> <p>2 A. Yep.</p> <p>3 Q. This begins the list of the</p> <p>4 portfolio that underlies the Rhinebridge SIV,</p> <p>5 right?</p> <p>6 A. Correct.</p> <p>7 Q. And column E there has a Fitch</p> <p>8 rating, and then it's all filled in. Do you see</p> <p>9 that?</p> <p>10 A. Yes.</p> <p>11 Q. Do you know if this -- if this was</p> <p>12 filled in, even if Fitch had rated an asset, would</p> <p>13 -- would the equivalent Fitch rating be inserted</p> <p>14 here?</p> <p>15 A. The honest answer is I don't know</p> <p>16 how these ratings were put together, given that</p> <p>17 Fitch has a rating assigned to every asset, and we</p> <p>18 know that Fitch didn't rate every asset. There was</p> <p>19 some method of assigning. I can't say what method</p> <p>20 that was.</p> <p>21 Q. And then if you turn to the page</p> <p>22 ending 851, if you would, please. This is -- the</p> <p>23 title is "Committee/Authorisation Papers", right?</p> <p>24 A. Yes.</p> <p>25 Q. The transaction is the Rhinebridge</p>

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 114</p> <p>1 of language on my part. I just meant I ordered 2 them from top to bottom, so the volatility starts 3 all good from the lowest to the highest, and I 4 chose the highest for the higher volatility curve. 5 I mean, it's probably not arbitrary, there is 6 actually a logic there. 7 MR. ALVARADO: And then if you skip down. 8 A. Mmm-hmm. 9 Q. It says: 10 "Why not choose one of the other sectors if 11 the Hi vol curve is using a sort time period of 12 data?" 13 Do you see that? 14 A. So let me just read. 15 (Short pause) 16 A. Okay, yeah. 17 Q. The title there is -- it refers to 18 a short time period of data. Is that the period 19 you were discussing a minute ago, the 1990 through 20 -- I can't remember what the end range was? 21 A. I think it went up to present day, 22 but the -- these time series weren't all starting 23 in 1990, and I believe that the high volatility 24 home equity Credit Suisse data was fairly short in 25 tenor, and generally when you're calibrating, you</p>	<p style="text-align: right;">Page 115</p> <p>1 want to use the longest set of data you can because 2 then you get a better estimation of a long-term 3 mean, or long-term average, sorry. 4 Q. And you -- you said, "Purely 5 because the parameters looked reasonable", right, 6 that's why a shorter time period of data was used? 7 MR. EHRLICH: Objection to form. 8 A. Sorry, say that again. Where are 9 we? 10 MR. ALVARADO: Page ending 855 -- 11 A. No, sorry, where? 12 MR. EHRLICH: Beginning of that paragraph. 13 A. Okay. So, "If the long term mean 14 is set to high then this actually helps the 15 vehicles ..." So, although the -- although I've 16 called these two curves high and low volatility, 17 another input into them is the long-term mean, and 18 so you don't want to calibrate your model to have 19 too high a long-term mean, because otherwise you 20 start -- when you start simulating, you start 21 generating loads of money and you have loads of 22 excess cash. 23 So, although we used this as a calibration, 24 you're trying to balance having something that has 25 a reasonable long-term mean, not too high, you</p>
<p style="text-align: right;">Page 116</p> <p>1 don't want to give too much benefit, but at the 2 same time you want to have something that has 3 enough volatility to give you the stresses that you 4 want to see. 5 MR. ALVARADO: And that's what you're 6 referring to when you wrote, "Purely because the 7 parameters looked reasonable"? 8 A. That would be an assumption. That 9 appears to be what I'm writing. 10 (Short pause) 11 Q. If you could turn to the page 12 ending 894. 13 MR. EHRLICH: Nine-four, you said? 14 MR. ALVARADO: Yeah. 15 MR. EHRLICH: Okay. 16 A. Okay. 17 MR. ALVARADO: Toward the bottom, there's a 18 heading that says "Base Capital Requirements" and 19 then it says: 20 "The following tables are used to calculate 21 the Base Capital requirements." 22 Do you see that? 23 A. Yep. 24 Q. And then there's a series of tables 25 that follow, and they continue on through the page</p>	<p style="text-align: right;">Page 117</p> <p>1 ending 897. Do you see that? 2 A. Mmm-hmm. 3 Q. And where are these tables? 4 A. So within the documentation for 5 Rhinebridge, produced, obviously, by Rhinebridge, 6 and they were saying this is the minimum amount of 7 capital that they wanted their SIV to hold against 8 each of these different products by a maturity and 9 by rating. 10 Q. And so did Rhinebridge supply you 11 with these tables? 12 MR. EHRLICH: Objection to the form. 13 A. These would have been cut and paste 14 out of Rhinebridge documentation. 15 MR. ALVARADO: And did -- did you do anything 16 to verify that these tables had required sufficient 17 capital? 18 MR. EHRLICH: Objection. Vague, ambiguous 19 and confusing. You can answer. 20 A. I know what you're getting at, and, 21 yes, we did. So, Rhinebridge had a number of 22 different tables by different asset classes, and we 23 looked at some industry standards and compared and 24 contrasted the two. 25 MR. ALVARADO: Other than comparing and</p>

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 198</p> <p>1 Q. You said, "When they sold a bond, I 2 would look at the price that they sold it at". 3 A. Yeah. Okay, so when Rhinebridge 4 sold a bond, I would look at the price, but I was 5 also doing this for all the other SIVs as well, so 6 it was as Rhinebridge sold the bond, I would check 7 it to their books and records, make sure there 8 wasn't a difference in price, or significant 9 difference in price, and for the bonds that were on 10 their books -- Rhinebridge's as books and records, 11 I would crosscheck those to other vehicles where we 12 were also obtaining prices from them and check. 13 Q. And when did you do that analysis? 14 A. I don't recall the date, but it was 15 as they started liquidating. So, from this e-mail 16 it looks as though they sold one bond on that date, 17 so it would have been after this date. 18 Q. You can put that to the side. I'm 19 marking exhibit 402 for identification. 20 (Exhibit 402 marked for identification) 21 MR. ALVARADO: Exhibit 402 -- 22 A. Oh, sorry. 23 Q. -- is an e-mail bearing Bates 24 number FITCH-RHINE 00055240. 25 (Short pause)</p>	<p style="text-align: right;">Page 199</p> <p>1 A. Okay. 2 Q. And this is an e-mail from 3 Stefan Bund to you and several other Fitch 4 employees; is that right? 5 A. Correct. 6 Q. With a CC to Thomas von Luepke. Do 7 you see that? 8 A. Yes. 9 Q. And the subject is "Rhinebridge 10 committee", right? 11 A. Correct. 12 Q. And he writes: 13 "These are the findings from IKB meeting I 14 attended today together with FI team." 15 Does "FI" there stand for Fitch? 16 A. Financial institution. 17 Q. And what is that? 18 A. The bank ratings team. 19 Q. So IKB was represented by Braeuning 20 the CEO; Glueder, the CFO; and Braun, the 21 treasurer, right? And then he continues and says, 22 "There will be no further support for RB." Do you 23 see that? 24 A. Mmm-hmm. 25 Q. And RB there stands for</p>
<p style="text-align: right;">Page 200</p> <p>1 Rhinebridge, right? 2 A. Yeah. I mean, that would be my 3 assumption, yeah. 4 Q. And did you have an understanding 5 as to why IKB was giving no further support for 6 Rhinebridge? 7 MR. EHRLICH: Objection to form. Calls for 8 speculation. 9 MS. KAMISON: Objection. Lacks foundation. 10 A. I -- I didn't attend the meeting 11 and Stefan wrote the e-mail, so it was kind of 12 third hand. 13 MR. ALVARADO: But you received this e-mail 14 from Mr Bund, stating that there would be no 15 further support for Rhinebridge. 16 THE COURT REPORTER: Sorry, can you just 17 repeat that, and I didn't get the last answer. 18 A. I -- I didn't attend this meeting 19 and Stefan wrote the e-mail, so it was kind of 20 third hand. 21 MR. ALVARADO: Well, Stefan -- you learned 22 from Stefan that there will be no further support 23 for Rhinebridge, right? 24 MR. EHRLICH: Objection to form. 25 A. I mean, and that is eventually what</p>	<p style="text-align: right;">Page 201</p> <p>1 happened, yes. 2 Q. He's -- he's explained that they 3 wanted to cap their losses and expect further MV 4 declines, right? 5 A. Mmm-hmm. 6 MR. EHRLICH: Objection to the form. 7 MR. ALVARADO: And did you have any 8 conversations with anyone at Fitch concerning IKB's 9 ceasing support for Rhinebridge? 10 MR. EHRLICH: Objection to form. Vague and 11 ambiguous. 12 MS. KAMISON: Objection. Lacks foundation. 13 A. Sorry, what was the question again? 14 Did I have? 15 MR. ALVARADO: Did you have any conversations 16 with anyone at Fitch concerning IKB's ceasing 17 support for Rhinebridge? 18 MS. KAMISON: Same objection. 19 A. I mean, of course. Do I recall any 20 specifics? No. 21 MR. ALVARADO: Did you have an understanding 22 as to why -- what had changed from the earlier 23 exhibit that we saw where Rhinebridge was giving 24 support to -- or where IKB was giving support to 25 Rhinebridge?</p>

51 (Pages 198 to 201)

HIGHLY CONFIDENTIAL

<p style="text-align: right;">Page 202</p> <p>1 MR. EHRLICH: Objection to form. Asked and 2 answered. Calls for speculation. 3 A. Yeah, you'd need to speak to IKB's 4 management. 5 MR. ALVARADO: And you didn't -- you don't 6 have any knowledge of why that was the case? 7 MR. EHRLICH: Objection to form. Asked and 8 answered. 9 A. They were under no legal obligation 10 to buy CP from their vehicle. 11 THE VIDEOGRAPHER: Five minutes left on the 12 tape. 13 MR. ALVARADO: You said earlier that they 14 would have bought CP to help protect the vehicle 15 that they put together, right? 16 MS. KAMISON: Objection. 17 MR. EHRLICH: Objection to form, misstates 18 the testimony. 19 A. Is that what I said? Because I 20 thought I said it was commonplace for sponsoring 21 banks to buy the CP off the SIVs that they set up 22 or sponsored when there was a shortage of CP 23 investors in the market. 24 MR. ALVARADO: And why is that the case? 25 MR. EHRLICH: Objection to form. Calls for</p>	<p style="text-align: right;">Page 203</p> <p>1 speculation. 2 A. I can speculate. I mean -- but I 3 don't know what their motivation was. 4 MR. ALVARADO: And then it continues. It 5 says "Braeuning" there, and there is a colon, and 6 there is a quote, and it says: 7 "we were afraid of fire sale for quite some 8 time." 9 Do you see that? 10 A. I do. 11 Q. Did you have discussions with 12 people concerning a fire sale of assets in the 13 Rhinebridge SIV? 14 MR. EHRLICH: Objection to the form. Vague 15 and ambiguous. Lacks foundation. 16 A. I think, as I have mentioned a few 17 times now, one of the parts -- one part of the 18 analysis is to -- the scenario where the vehicle 19 has to unwind, it has to sell its assets, and 20 generally that's considered a fire sale. 21 MR. ALVARADO: And did you -- did you have 22 conversations about a fire sale of the Rhinebridge 23 SIV's underlying collateral? 24 A. Yes, I would have done. I would 25 have had conversations around any vehicle that is</p>
<p style="text-align: right;">Page 204</p> <p>1 subject to a trigger and forced to sell assets. 2 That would be part of the committee process. Do I 3 remember, like, talking in this instance about this 4 case? I'm afraid not. 5 MR. ALVARADO: Do you recall when those 6 conversations took place? 7 A. Sorry, which -- 8 MR. EHRLICH: Objection to the form. 9 A. Which ones. 10 MR. ALVARADO: The conversations concerning 11 fire sales of assets. 12 A. It would be over the fire years 13 that I was at Fitch. That's part of the analysis 14 that you'd perform. 15 Q. How about specifically related to a 16 fire sale of assets of the Rhinebridge SIV's 17 assets? 18 MR. EHRLICH: Objection to form. Lacks 19 foundation. 20 A. No, but -- again, this is -- I've 21 already answered this. I don't recall discussing 22 Rhinebridge in particular at this time. 23 MR. ALVARADO: Why don't we take a break. 24 THE VIDEOGRAPHER: We are going off the 25 record at three o'clock.</p>	<p style="text-align: right;">Page 205</p> <p>1 (Short pause) 2 THE VIDEOGRAPHER: We are back on the record 3 as of 3.16. You may continue. 4 MR. ALVARADO: Mr. Moore, you understand 5 you're still under oath? 6 A. I do, yes. 7 Q. I'm going to mark exhibit 403. 8 (Exhibit 403 marked for identification) 9 MR. ALVARADO: Exhibit 403 is an e-mail 10 bearing Bates number IKB000284915. 11 (Short pause) 12 A. Okay, yeah. 13 Q. Exhibit 403 begins with an e-mail 14 from Amrit Bains, at IKB CAM, right? 15 A. Mmm-hmm. 16 Q. And it's sent to you and 17 Paddy Clerkin, with a CC to various IKB CAM 18 employees, right? 19 A. Mmm-hmm. 20 Q. And you received this e-mail from 21 Mr. Bains in the ordinary course of your business 22 on June 19th, 2007, correct? 23 A. Correct. 24 Q. And the subject is "NCO's", right? 25 A. Correct.</p>